

Bell Atlantic
1300 I Street, NW, Suite 400 West
Washington, DC 20005
202 336-7850
FAX 202 336-7922
E-Mail: joseph.j.mulieri@bell-atl.com

Joseph J. Mulieri
Director
Government Relations - FCC

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JUL 18 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

July 18, 1997

Ex Parte

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. Rm. 222
Washington, D.C. 20554

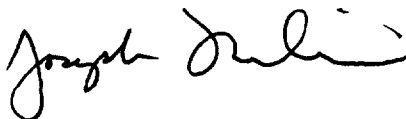
Re: 1997 Annual Access Tariff Filings (CC Docket 97-149)

Dear Mr. Caton:

On July 17, 1997, Eddie Googe and I met with Richard Cameron, Raj Kannan, and Brad Wimmer of the Competitive Pricing Division to discuss the above referenced proceeding. Specifically, the meeting focused on base factor portion (BFP) projection methodology.

Please enter this material into the record as appropriate. Should you have any questions please do not hesitate to contact me.

Sincerely,



Attachment

cc: R. Cameron
R. Kannan
B. Wimmer

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Ex Parte

Mr. Brad Wimmer
Economist - Competitive Pricing Div.
Federal Communications Commission
1919 M Street, N.W. - Rm. 518
Washington, D.C. 20554

Re: 1997 Annual Access Tariff Filings (CC Docket 97-149)

Dear Mr. Wimmer:

Attached is the base factor portion (BFP) forecast/regression analysis that we discussed in our meeting yesterday. We believe that the analysis demonstrates that the results contained in Bell Atlantic's 1997 Annual Access Tariff Filing are reasonable.

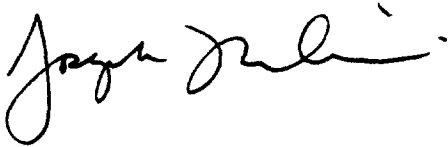
As you know, the FCC recently concluded its investigation of the 1993 Annual Access Tariff Filings.¹ In reaching their conclusion, the FCC required Bell Atlantic to correct its sharing distribution to the common line basket. In requiring the correction, however, the FCC rejected Bell Atlantic's position that a corresponding offset should be made to other price cap baskets to reflect the increased allocation to the common line basket. Our position was based on the fact that the absolute amount of sharing was not at issue but instead only the allocation between baskets. While Bell Atlantic disagrees, the FCC found that a correction required due to an "allocation" type error should be done without regard to offsetting adjustments necessary to ensure revenue neutrality.

A change in BFP forecast methodology could result in a significant shift between end user common line and carrier common line charges within the common line basket. As stated earlier, Bell Atlantic believes that the methodology used in its 1997 Annual Access Tariff Filing is appropriate. However, should the FCC decide to prescribe a different methodology, as was the case with the 1993 Annual Access Tariff Filing correction, any delay results in potentially escalating adverse impact. Therefore, Bell Atlantic urges the FCC to resolve this issue as quickly as possible to minimize the impact on both Bell Atlantic and its customers.

¹ 1993 Annual Access Tariff Filings, Memorandum Opinion and Order (Com. Car. Bur. Rel. Jun. 25, 1997) ("Bureau Sharing Order").

I hope the attached material is useful to you as you move toward resolving this issue. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay M. Schlichting". The signature is fluid and cursive, with a large initial "J" and a long horizontal stroke at the end.

Attachment

cc: R. Cameron
R. Kannan
J. Nitsche
J. Schlichting

Bell Atlantic
 Comparison of BFP Forecast Included in 1997 Annual Filing
 to Forecast Based on Regression Analyses
 Dollars in Thousands

Ln	Item	Source	
1	1996 Actual BFP	BA Trans. No. 970, WP 8-9A-2 through 8-9G-2	1,266,308
2	1997/98 BFP Forecast	BA Trans. No. 970, WP 8-9-8	1,328,901
3	Forecasted Growth Rate	$(Ln\ 2 - Ln\ 1) / Ln\ 1 * 12 / 18$	3.30%
4	Growth Rate Forecast Based on 3 Year Trend	Exhibit 2 Ln 6	1.46%
5	Growth Rate Forecast Based on 5 Year Trend	Exhibit 3 Ln 6	1.01%
6	Impact of FCC Rule Changes Included on Line 2	1\	(29,203)
7	ITC and EDT Included on Line 2	2\	711
8	BFP Forecast Based on 3 Year Growth	$(Ln\ 1 + Ln\ 6 + Ln\ 7) * [1 + (Ln\ 4 * 18/12)]$	1,264,854
9	BFP Forecast Based on 5 Year Growth	$(Ln\ 1 + Ln\ 6 + Ln\ 7) * [1 + (Ln\ 5 * 18/12)]$	1,256,645
10	Excess BFP Cost When Compared to 3 Year Historical Growth Ln 2 - Ln 8		64,047
11	Excess BFP Cost When Compared to 5 Year Historical Growth Ln 2 - Ln 9		72,256

1\ Reflects impact of Pay Tel Deregulation; Part 65 Rate Base Change for Account 4310; and Part 36 OB&C Separations Change.

2\ From Bell Atlantic Advance TRP filed April 2, 1997.

Bell Atlantic
BFP Revenue Requirement
Regression Analysis

Exhibit 2

Year		Actual BFP Revenue Requirement Adjusted for SPF Transition and GSF As Reflected on Exhibit 4	BFP Revenue Requirement Growth
	1991	993,245	
1	1992	1,084,840	9.22%
2	1993	1,131,056	4.26%
3	1994	1,186,520	4.90%
4	1995	1,238,444	4.38%
5	1996	1,266,308	2.45%
6	Est. 1997 Based on Regression of '94 - '96 Growth		1.46%

Regression Output Based on 1994 - 1996 Growth Rates:

7	Constant	0.088175
8	Std Err of Y Est	0.005709
9	R Squared	0.902298
10	No. of Observations	3
11	Degrees of Freedom	1
12	X Coefficient(s)	(0.012269)
13	Std Err of Coef.	0.004037

Note: Line 6 calculated as 6 * line 12 + line 7

Bell Atlantic
BFP Revenue Requirement
Regression Analysis

Exhibit 3

Year		Actual BFP Revenue Requirement Adjusted for SPF Transition and GSF As Reflected on Exhibit 4	BFP Revenue Requirement Growth
	1991	993,245	
1	1992	1,084,840	9.22%
2	1993	1,131,056	4.26%
3	1994	1,186,520	4.90%
4	1995	1,238,444	4.38%
5	1996	1,266,308	2.45%
6	Est. 1997 Based on Regression of '92 - '96 Growth		1.01%

Regression Output Based on 1992 - 1996 Growth Rates:

7	Constant	0.090706
8	Std Err of Y Est	0.015527
9	R Squared	0.713691
10	No. of Observations	5
11	Degrees of Freedom	3
12	X Coefficient(s)	(0.013428)
13	Std Err of Coef.	0.004910

Note: Line 6 calculated as 6 * line 12 + line 7

Bell Atlantic
BFP Revenue Requirement
Comparison of Bell Atlantic Actuals
And AT&T Calculations

	Source	1991	1992	1993	1994	1995	1996
1 Actual BFP Revenue Requirement	1\	870,023	956,310	1,064,583	1,186,520	1,238,444	1,266,308
2 SPF Adjustment	2\	(9,723)	(4,415)				
3 GSF Adjustment	3\	132,945	132,945	66,473			
4 BFP Restated for Completion of SPF Transition	Sum Ln 1...Ln	993,245	1,084,840	1,131,056	1,186,520	1,238,444	1,266,308

1\Reflects ARMIS 43-01 data.

2\ 1991 Reflects SPF exogenous amounts reported on EXG-1 of the TRP for BA Trans. Nos. 436 and 505;

1992 Reflects SPF exogenous amounts reported on EXG-1 of the TRP for BA Trans. No. 505;

3\ Reflects GSF amounts reported on Workpaper 8-55 in BA Trans. No. 577.

GSF Rule change became effective on 7/1/93.